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E.O. 12958: DECL: 03/10/2019

TAGS: ECON PGOV PREL ETRD EINV EAGR VE

SUBJECT: VENEZUELA: CARGILL EXPECTS PLANT TO BE NATIONALIZED

REF: A. 2008 CARACAS 1690

1B. 2008 CARACAS 1393

1C. CARACAS 280

Classified By: Economic Counselor Darnall Steuart for reasons 1.4
(b) and (d).

11. (C) Cargill Venezuela's Director of International Relations Ramon Sosa (protect) told the Agriculture Attaché on March 9 that it is only a matter of time before the Venezuelan government nationalizes Cargill's rice processing plant. Sosa reported that in a March 8 meeting with Minister of Agriculture Elias Jaua the discussion centered on the steps the government will follow to take over plant operations and the value of the plant.

12. (C) Sosa added that during the meeting Cargill representatives requested that the government stop making negative statements about Cargill to the press, as Cargill is going out of its way to cooperate. Sosa noted that government officials are currently in the Cargill plant "literally looking over the shoulders" of plant staff and making operations difficult. Sosa apologized that he has been unable to meet with Embassy staff and promised a meeting next week after several of Cargill's US executives arrive in Venezuela.

COMMENT

13. (C) Contrary to Chavez's threats to "expropriate", it seems the government is at least exploring the value of the plant with Cargill. Unfortunately, many companies the Venezuelan government has nationalized still have not received payment (ref A). Sosa seemed uncomfortable speaking on the phone, possibly suspecting as executives in other companies have reported that someone may be listening to his calls (ref B). He did mention cryptically that "there is something else we are worried about." We will discuss Cargill's other concerns when we meet.

14. (C) Given the government's recent movement towards greater control of the food supply (septel), there is room for speculation that the government will not stop at the rice plant, a relatively insignificant portion of Cargill's Venezuelan holdings (ref C). Cargill has 50 percent of the Venezuelan market for cooking oil, pasta, and wheat flour.

CAULFIELD